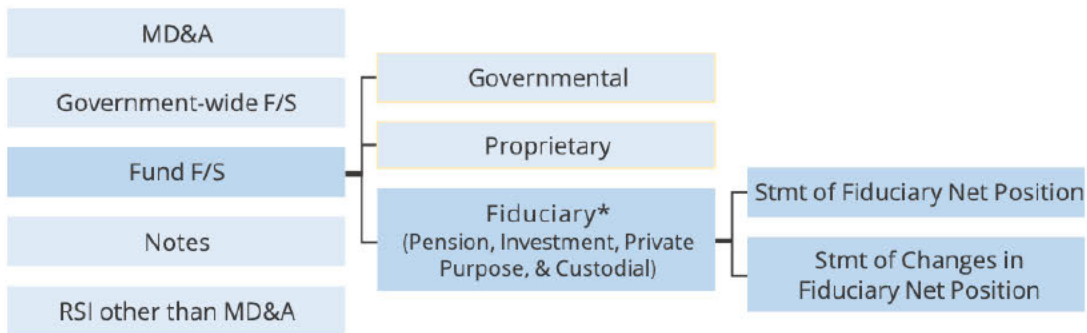


20.06 Fiduciary Funds & Notes & RSI

Overview



**Accrual basis, Current economic resources approach*

Fiduciary Funds

There are four types of fiduciary funds:

- Pension trust
- Investment trust
- Private purpose trust
- Custodial

A **Statement of Fiduciary Net Position** and **Statement of Changes in Fiduciary Net Position** will be prepared with columns for each major fiduciary fund and a total for all minor fiduciary funds. (Major funds will be discussed later.)

Since custodial funds always have a net asset balance of zero (all assets are owed to outsiders and, therefore, have equal liabilities), they will not be included in the statement of changes in fiduciary net position, only on the Statement of Fiduciary Net Position.

The trust and custodial funds use the **accrual basis** and the **economic resources approach**.

Remember that none of these funds were included in the government-wide F/S.

Sample City
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
December 31, 20X1

	Employee retirement plan	Private-purpose trusts	Custodial funds
Assets			
Cash and cash equivalents	\$ 1,973	\$ 1,250	\$ 44,889
Receivables:			
Interest and dividends	508,475	760	-
Other receivables	<u>6,826</u>	=	<u>183,161</u>
Total receivables	<u>515,301</u>	<u>760</u>	<u>183,161</u>
Investments, at fair value:			
U.S. government obligations	13,056,037	80,000	-
Municipal bonds	6,528,019	-	-
Corporate bonds	16,320,047	-	-
Corporate stocks	26,112,075	-	-
Other investments	<u>3,264,009</u>	=	=
Total investments	<u>65,280,187</u>	<u>80,000</u>	=
Total assets	<u>65,797,461</u>	<u>82,010</u>	<u>\$228,050</u>
Liabilities			
Accounts payable	-	1,234	-
Refunds payable and others	1,358	=	228,050
Total liabilities	<u>1,358</u>	<u>1,234</u>	<u>\$228,050</u>
Net Position			
Held in trust for pension benefits and other purposes	<u>\$65,796,103</u>	<u>\$80,776</u>	

Sample City
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Year Ended December 31, 20X1

	Employee retirement plan	Private- purpose trusts
Additions		
Contributions:		
Employer	\$ 2,721,341	\$ -
Plan members	<u>1,421,233</u>	=
Total contributions	<u>4,142,574</u>	=
Investment earnings:		
Net (decrease) in fair value of investments	(272,522)	-
Interest	2,460,871	4,560
Dividends	<u>1,445,273</u>	=
Total investment earnings	3,633,622	4,560
Less investment expense	<u>216,428</u>	=
Net investment earnings	<u>3,417,194</u>	<u>4,560</u>
Total additions	<u>7,559,768</u>	<u>4,560</u>
Deductions		
Benefits	2,453,047	3,800
Refunds of contributions	464,691	-
Administrative expenses	<u>87,532</u>	<u>678</u>
Total deductions	<u>3,005,270</u>	<u>4,478</u>
Change in net position	4,554,498	82
Net position—beginning of the year	<u>61,241,605</u>	<u>80,694</u>
Net Position—end of the year	<u>\$65,796,103</u>	<u>\$80,776</u>

4 – Notes to the Financial Statements

The fourth section of the general purpose F/S is the Notes to the F/S. These are a required part of the basic F/S and should provide information that is not displayed on the face of the F/S and is essential to their fair presentation.

The *Basic F/S* include the government-wide F/S, Fund F/S, and notes (ie, 2, 3, and 4).

Notes should distinguish whether they pertain to the primary government or its discretely presented component units.

The Notes essential to fair presentation include:

- **Summary of accounting policies**, including:
 - A description of the government-wide F/S
 - The basis of accounting applied, such as accrual for government-wide F/S and proprietary and fiduciary fund statements, and modified accrual for government fund F/S
 - Policies regarding cash and cash equivalents; capitalization and determining useful lives; and infrastructure
- **Disclosures** related to:
 - Cash
 - Investments
 - Significant contingent liabilities
 - Significant effects of subsequent events
 - Pensions and other postemployment benefits
 - Significant violations of legal or contractual provisions
 - Debt service requirements
 - Leases
 - Construction and other significant commitments
 - Capital assets
 - Long-term liabilities
 - Deficit in fund balance or net position
 - Interfund balances and transfers
 - Donor-restricted endowments
- **Related-party transactions**
- **A description of the reporting entity**
- **Segment information** for enterprise funds

In addition, GASB 42 requires disclosures about *capital asset impairment* if both (a) the decline in service utility of the asset is large in magnitude, and (b) the event or change in circumstance is outside the normal life cycle of the capital asset (unexpected). If the asset is no longer to be used, it should be reported at the lower of carrying value or fair value.

5 – Required Supplementary Information (RSI) other than MD&A

The fifth and final section of the financial report includes other information required by various GASB pronouncements. The most important is a **Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget & Actual**, called a **Budgetary Comparison Schedule**. This schedule is required for every governmental fund that prepared annual budgets (typically the general fund and special revenue funds, but also sometimes including others).

The **four types of RSI**, other than MD&A, that are required under GASB are:

- Budgetary Comparison Schedules
- Information about Infrastructure Assets (for Entities Reported Using the Modified Approach)
 - A schedule reflecting the condition of the government's infrastructure,
 - A comparison of the needed and actual expenditures to maintain the government's infrastructure.
- Claims Development Information When the Government Sponsors a Public Entity Risk Pool
- Two pension schedules:
 - Schedule of Funding Progress (for Entities Reporting Pension Trust Funds)
 - Schedule of Employer Contributions (for Entities Reporting Pension Trust Funds)

A Budgetary Comparison Schedule (BCS) may be presented as RSI or as a separate statement for the general fund and for each major special revenue fund that has a legally adopted annual budget. The BCS presents both the original and final budget as well as actual inflows, outflows, and balances.

The accounting method used for each statement is the basis that was used for the preparation of the fund's budget, even if this differs from the presentation of that fund in the F/S in the second and third sections. Thus, a general fund which was given an annual budget prepared on the cash basis will prepare its Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget & Actual on a cash basis, even though it was reported on an accrual basis in the government-wide F/S and on a modified accrual basis in the fund F/S.

Sample City			
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES—			
BUDGET AND ACTUAL (BCS)			
GENERAL FUND			
For the Year Ended December 31, 20X1			
	Budgeted amounts		Actual amounts
Revenues	Original	Final	(budgetary basis)
Property taxes	\$52,017,833	\$51,853,018	\$51,173,436
Other taxes—franchise and public service	12,841,209	12,836,024	13,025,392
Fees and fines	718,800	718,800	606,946
Licenses and permits	2,126,600	2,126,600	2,287,794
Intergovernmental	6,905,898	6,571,360	6,119,938
Charges for services	12,392,972	11,202,150	11,374,460
Interest	1,501,945	550,000	552,325
Miscellaneous	<u>3,024,292</u>	<u>1,220,991</u>	<u>881,874</u>
Total revenues	<u>91,043,549</u>	<u>87,078,943</u>	<u>86,022,165</u>

Expenditures**Current**

General government (including contingencies and miscellaneous)	11,837,534	9,468,155	8,621,500
Public safety	33,050,966	33,983,706	33,799,709
Public works	5,215,630	5,025,848	4,993,187
Engineering services	1,296,275	1,296,990	1,296,990
Health and sanitation	5,756,250	6,174,653	6,174,653
Cemetery	724,500	724,500	706,305
Culture and recreation	11,059,140	11,368,070	11,289,146
Education—payment to school district	<u>22,000,000</u>	<u>22,000,000</u>	<u>21,893,273</u>
Total expenditures	<u>90,940,295</u>	<u>90,041,922</u>	<u>88,774,763</u>
Excess (deficiency) of revenues over expenditures	<u>103,254</u>	<u>(2,962,979)</u>	<u>(2,752,598)</u>

Other Financing Sources (Uses)

Transfers in	939,525	130,000	129,323
Transfers out	<u>(2,970,256)</u>	<u>(2,163,759)</u>	<u>(2,163,759)</u>
Total other financing sources and uses	<u>(2,030,731)</u>	<u>(2,033,759)</u>	<u>(2,034,436)</u>

Special Item

Proceeds from sale of park land	<u>1,355,250</u>	<u>3,500,000</u>	<u>3,476,488</u>
Net change in fund balance	(572,227)	(1,496,738)	(1,310,546)
Fund balances—beginning	<u>3,528,750</u>	<u>2,742,799</u>	<u>2,742,799</u>
Fund balances—ending	\$ <u>2,956,523</u>	\$ <u>1,246,061</u>	\$ <u>1,432,253</u>